

MINUTES
Budget Committee Meeting
May 23, 2013

The meeting was called to order at 6:10 p.m. by Mayor Dennis Doyle. Present were Councilors Cate Arnold, Betty Bode, Mark Fagin, Ian King, and Marc San Soucie, and Members Randy Blake, Allen Dawson, Jose Galindez, Traci Stout, and Alternate Member Geoff Dougall. Member Karmen Bickel was excused. Also present were Patrick O'Claire, Finance Director; Randy Ealy, Chief Administrative Officer; Don Mazziotti, Community & Economic Development Department (CEDD) Director; Ed House, Library Director; Nancy Bates, Human Resources Director; Dave Waffle, Assistant Finance Director; Jerry Allen, Assistant Director – General Services; Scott Keller, Senior Program Manager; Jayne Scott, Senior Program Manager; Steve Sparks, Principal Planner; Brad Roast, Building Official; Cindy Dolezel, Sustainability Manager; Patricia Luebke, CEDD Office Supervisor; Alma Flores, Economic Development Manager; Bill LaMarche, Public Information Manager; Holly Thompson, Visioning Program Manager; Steve Morris, OTBC Manager; The Oregonian; The Valley Times; and Joanne Harrington, Recording Secretary.

ELECTION OF OFFICERS

Mayor Doyle called for election of officers; Chair, Vice Chair and Secretary.

Councilor Fagin MOVED/SECONDED by Councilor Bode to nominate and elect Allen Dawson as Chairman, Randy Blake as Vice Chair, and Karmen Bickel as Secretary.

The Mayor asked for discussion. Hearing none the Mayor closed the nominations, and called for a vote. Councilors Arnold, Bode, Fagin, King, San Soucie and members Blake, Dawson, Galindez, Stout voted aye. The MOTION CARRIED (9:0).

FISCAL YEAR 2013-14 PROPOSED BUDGET

Mayor Doyle made opening comments and thanked the Budget Committee and City Councilors for their services. He also thanked the department heads and Finance staff for putting together the budget document.

Mr. O'Claire reviewed Handout 1, Schedule of Business License Fee Revenues. He said that business license revenue's revised estimate is \$500,000 for FY 2012-13 and is budgeted at \$500,000 for FY 2013-14.

Mr. O'Claire reviewed Handout 2, Schedule of Building Permit Fees – Revenue Collection Analysis. He said year to date the Building Fund revenues are 10% ahead of the average of the past six years. He said that his projection for the current fiscal year is building revenue will exceed the estimate by about \$175,000. He said the Building Fund seems to be climbing out of its decline.

Mr. O'Claire reviewed Handout 3, Schedule of State Gas Tax Receipts. He said Gas Tax revenue is about 2.72% over the same period last year. He is comfortable that the Gas Tax revenue target for adopted and revised will be met.

Mr. Galindez asked if the incremented gas tax increase was still in effect. Mr. O'Claire said it was in effect going from 24 cents to 30 cents effective January 2011. Mr. Waffle said there was first a registration fee increase and then the actual gas tax.

He said the Street Fund revenues are distributed to cities based on their percentage of population of all cities within Oregon. He said Beaverton has grown faster than the general population of all cities in Oregon. Mr. O'Claire said the Street Fund revenues are stable.

Mr. O'Claire reviewed Handout 4, Summary Schedule of Fund Balances Revenues and Expenditures. He said the revenue estimation is conservative and the expenditure estimation is aggressive.

Mr. O'Claire said the Street Fund has had an aggressive overlay program over the past three years. He said the Budget Committee and City Council will have to decide if this aggressive overlay program should continue.

He said the Building Fund's Ending Fund Balance should increase by about \$150,000.

He said the Library Fund's contingency has dropped due to two large expenditures which included the library roof replacement and the installation of the automated materials handling equipment.

Mr. O'Claire reviewed Handout 5, Water Consumption Revenues Analysis. He said water revenue is improving this year, although consumption level still is not at the level it was at in 2007 through 2010. It seems that the low point of consumption was reached and is now improving. He said an additional \$100,000 in revenues is projected for the Water Fund over last year's revenues.

Mr. O'Claire reviewed Handout 6, Schedule of Water Fund's Annual Debt Service Coverage. He explained the projected water rate increase and the importance of it. He said although we have an improving debt service coverage ratio, we need water rate increases to continue funding the replacement program.

Mr. Galindez asked if water loss is tracked. Mr. O'Claire said he believes it is about 5 – 7%.

Mr. O'Claire reviewed Handout 7, Personnel Services by Category - COLA Adjustment Schedule to Budget Prep. Effective July 1, 2013, BPA cost of living adjustment (COLA) is 2.26%, SEIU is 2.09%, and management at 2.26%. The total cost increase for the COLA is about \$1 million and is reflected in the proposed FY 2013-14 budget.

Mr. O'Claire reviewed Handout 8, Schedule of Financial Impact of New PERS Rates. The PERS rate increase costs about \$1,005,223 reflecting a 17% increase. This increase is reflected in the proposed budget. \$500,000 from the PERS Reserve account will be used to help fund the PERS rate increase. The total PERS Reserve at the City is \$4.7 million.

Mr. O'Claire reviewed Handout 9, PERS Reserve Account Contribution History from FY 2003-04 to FY 2010-11.

Mr. O'Claire reviewed Budget Trend Analysis of Total City-Wide Revenues and Expenditures for FY 2010-11 to FY 2013-14 (page 2 and 3 of the proposed budget).

Mr. O'Claire said there is a \$5.7 million change in Beginning Working Capital from the current year's budget to the proposed budget which was mainly due to capital projects. He said Fines & Forfeitures is down due to the Legislature reducing the bail amounts for citations by about 30% and the extra traffic enforcement that is taking place in Beaverton. He said there is not a significant change in total revenues. He said on the expenditure side, there was an increase to Personnel Services due to the COLA increase, the PERS rate increase, and regular step increases for employees who are not at their top step.

Mr. O'Claire reviewed city-wide expenditures and said there is a reduction to Materials and Services due to a number of the professional services from the current year will not be continued in FY 2013-14. He said Capital Outlay reflects a \$1 million increase. He said contingencies are down \$972,987 from the current year due primarily to capital projects.

Mr. O'Claire reviewed the FTE changes in the proposed budget. The proposed budget includes an additional 1 FTE in Neighborhood & Community Services and .50 FTE Permit Technician to assist with the growing influx of building permits. There is an adjustment in staffing levels between the main and branch libraries with the branch gaining a .60 FTE Library Aide partially offset by the elimination of a .25 FTE Aide at the main library. Authorized, but not funded, are an additional 1 FTE Librarian (Children's) and 1.20 FTE Library Aides at the branch library. The unfunded library positions are a commitment from the City that if the Library Foundation raises a certain amount of capital, the City would be willing to fund these positions to operate an expanded branch facility.

The Chair allowed the public to comment.

Don Walton, a Beaverton resident, commented on the current library lease. He said the City needs to take a hard look at the current lease and renegotiate a better rate if they intend to stay in that building. He said with proper negotiations, the City could come up with a lease that is fair better than what they currently have for the branch library.

Ken Madden from Portland Community College (PCC) Zone 5 Board of Directors thanked the City Council for the City's \$50,000 contribution for Future Connect for FY 2012-13 and for the consideration of a \$50,000 contribution in FY 2013-14. He explained the good works and successes of Future Connect in students' lives through its tutoring and mentoring programs.

Councilor Arnold asked for clarification of the City's contribution to PCC Zone 5.

Kristen Watkins from PCC Zone 5 said the City approved a \$50,000 contribution in the FY 2012-13 budget and another \$50,000 in the FY 2013-14 budget for Future Connect.

Ramona Crocker, a Beaverton resident, spoke. She expressed concern with the third Budget Committee Meeting occurring on a Friday evening.

Chair Dawson said the Mayor had apologized for the meeting scheduled on a Friday evening.

Mr. O'Claire said by law there has to be a formal public hearing for citizen input following the budget deliberation. He said if a person is unable to attend the third evening, they will be allowed to give their comments during the other two meetings.

Councilor Bode asked Ms. Crocker if she had an area of concern that she would like to discuss now.

Ms. Crocker said that she is concerned for citizens who are on fixed incomes.

City Council

Councilor Arnold reviewed the City Council's proposed FY 2013-14 budget.

Councilor San Soucie said he did not see a need for \$45,000 to be budgeted in the Council's Professional Services line item.

Mr. O'Claire said \$45,000 should remain in the Council's Professional Services line item to fund the additional studies the Council requested from the architects for the Police facility and alternate sites.

Mayor's Office Programs

Mr. Ealy introduced Jerry Allen, Jayne Scott, and Scott Keller of the Mayor's Office. A video of the Mayor's Office programs and the community that it serves was shown at the Budget Committee Meeting.

Mr. Allen reviewed the Mayor's Office proposed FY 2013-14 budget.

Councilor Bode asked Holly Thompson of the Mayor's Office to give a report of the activities of the Visioning Advisory Committee. Ms. Thompson said the Visioning Advisory Committee is embarking on many new activities including Lead Partner meetings, collaboration of various agencies such as Oregon Department of Transportation and the Beaverton Arts Commission, 5-year update of the Vision Plan, and thinking about the future outreach opportunities.

Councilor Bode thanked Ms. Thompson for the report and said her work was appreciated.

Mr. Dawson asked about the temporary .75 FTE Waste Reduction Program Coordinator that was approved in the Recycling Program.

Mr. Allen said the position does the marketing work for the commercial organics program.

Mr. Allen said a new 1 FTE position is requested in the proposed FY 2013-14 budget for the Neighborhood and Community Services program. He described the many different activities that the Neighborhood program oversees. This program has relied on one to two temporary employees almost year-round to assist with the growing workload in the Neighborhood program. Due to the new SEIU agreement relating to temporary employees, the program can no longer hire temporary employees to assist in these functions and that is what created the request. To minimize the cost of the new FTE to the program, they reduced their temporary help funds by \$35,000 and other neighborhood outreach expenses. In addition to their current duties, the Neighborhood Program will be assisting with new projects during FY 2013-14 which include new neighborhood outreach project for the South Cooper Mountain core project team.

Mr. Dougall asked how long the new position will be revenue neutral.

Mr. Ealy said due to the SEIU agreement regarding temporary help, they can no longer hire temporary help in this program. Mr. Ealy said they are requesting approval to transfer the temporary help funds to the new position.

Mr. Dougall asked why there are no performance measures in the budget for the Cultural Inclusion Coordinator.

Mr. Ealy said that he will make copies of the Cultural Inclusion Coordinator's work plan and will make copies of and distribute to the Budget Committee this evening.

Councilor King said he believes the entire City Council is impressed with the new Cultural Inclusion Coordinator.

Reprographics Fund

Scott Keller, Senior Program Manager for the City's community programs and Reprographics, reviewed the proposed FY 2013-14 proposed budget and highlights of the Reprographics Department. He said

there has been a 52% reduction in the number of in-house copies being made since the year 2000 when we were making almost 6 million copies per year.

Councilor Bode asked if social media is helping to reduce the number of copies.

Mr. Keller said citizens benefit from lots of different forms of communication through mail, facebook, website, email, etc.

Mr. Keller said they are implementing cost saving methods. An example is using re-usable hard plastic poster mounting system that enables a notice to be inserted into it rather than using foam core. Five uses of the re-usable system are the same cost as using one foam board.

Beaverton Arts Commission

Jayne Scott, Senior Program Manager in the Mayor's Office for the Beaverton Art Commission Fund (BAC) reviewed the highlights of the BAC's proposed FY 2013-14 budget.

Library Fund

Mayor Doyle congratulated Ed House on coming to his final budget meeting before he retires on June 28. Mr. House thanked the Budget Committee and said it was his privilege to be the Library Director for thirteen years.

Mr. House said the City has hired a broker to handle lease payments and other types of issues if the City decides to expand the Murray Scholls branch library.

Mr. House reviewed the Library's proposed FY 2013-14 budget. He said the Beaverton Library is number two in the state for the number of items circulated at its two outlets. Number one in the state is Multnomah County which has nineteen outlets. The main library is the busiest single facility in the state of Oregon. The branch library has experienced 11% growth over the last year.

Mr. House said the automated materials handling equipment that was installed about a month ago has been very successful. This will reduce the need for temporary help.

Mr. House said the proposed FY 2013-14 budget includes an additional .6 FTE to assist with shelving the books that have been checked in. He said the FTE increase is offset by a .25 FTE reduction in the Technical Services area due to efficiencies and a reduction in Temporary Help at the branch library.

Mr. Galindez asked if the branch expansion is needed now.

Mr. House said the expansion is needed now as the branch is crowded and there is no available shelving space.

Councilor Arnold asked the cost and timing of the expansion if it takes place.

Mr. House said they are hoping that the 2014 summer reading program can take place in the expanded facility.

Mr. Dawson asked if they are locked into the current building.

Mr. House said the current lease ends in April 2015.

Councilor Fagin said the Library has done a good job at reducing energy usage.

Mr. O'Claire explained that the WCCLS funding formula guaranteed a 3% increase in funding, but it changed its formula a few months prior to the opening of the library branch.

Library Trust Fund

Ed House reviewed the Library Trust Fund's proposed FY 2013-14 budget.

Mr. Dawson asked about the process if the Library Foundation raises the needed funds for the expansion of the branch library.

Mr. O'Claire said for that purpose, the funds would go into the Library Fund.

Human Resources

Nancy Bates reviewed the highlights of the Human Resources' proposed FY 2013-14 budget. She said 77 employees are eligible for full retirement and five employees retired this year.

Mr. Galindez asked how many of the 77 eligible to retire are critical positions that require succession planning.

Ms. Bates said that Human Resources will work with the department heads to determine where succession planning is necessary.

Insurance Fund

Nancy Bates reviewed the Insurance Fund's proposed FY 2013-14 budget. She explained the change with the medical plans and that the most expensive medical plan was discontinued.

Community & Economic Development Department, Beaverton Central Plant, Building Operating Fund, and Community Development Block Grant Fund

Mr. Mazziotti introduced Steve Sparks, Cindy Dolezel, Brad Roast, Alma Flores, and Patricia Luebke. Mr. Mazziotti reviewed the Community & Economic Development Department's (CEDD) proposed FY 2013-14 budget.

Mr. Mazziotti said since last year things have changed dramatically in the market place and in CEDD. They have secured nearly \$10 million in federal and state organizations to assist their mission according to the Civic Plan. CEDD faces the challenge of a sudden and sustained up-tick in building development both multi-family and residential. He said CEDD does not have a sufficient number of people to do the inspections that are required under law and by the state code. He expects to make a request at the first supplemental budget.

Mr. Mazziotti said CEDD's budget request is greater than it has been in prior years due to adding two new divisions to the department and due to the changes in the economy over the last six months. There are real needs for new building inspectors and new structural engineers as they are at capacity. He said inspectors are currently doing 25 inspections per day when they should be doing 15 inspections.

Mr. Dawson thanked Mr. Mazziotti for bringing a bright report and expressing a sense of urgency.

Mr. Galindez said Mr. Mazziotti has expressed in the past that they are staffed at minimal levels with some of these functions and that things are starting to happen.

Councilor Bode asked about the interest from the developers as the City is under capacity in lots for single family homes.

Mr. Mazziotti said there are approximately 1300 lots left for single family development in the City of Beaverton. He said the projection for this current fiscal year was 90 single family homes, and we are already at 120. He said the planned Nike expansion in Beaverton will also increase the demand for housing.

Mr. Mazziotti said they are doing concept planning as required by law for the area known as 6B. 6B can accommodate approximately 3500 housing units.

There being no further business to discuss the meeting was recessed at 9:35 p.m., until Thursday, May 30, 2013, at 6:00 p.m.

Recorded by
Joanne Harrington
Recording Secretary

APPROVED BY Karmen Bickel, Secretary